

Message Text

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PAGE 01 BONN 02399 111742Z

46

ACTION OES-05

INFO OCT-01 EUR-12 ISO-00 ERDA-05 ERDE-00 ACDA-05 CIAE-00

INR-07 IO-11 L-03 NSAE-00 NSC-05 EB-07 NRC-05 FEAE-00

DODE-00 SSO-00 NSCE-00 INRE-00 PM-04 SP-02 SS-15 H-02

NEA-10 SAJ-01 ARA-06 USIE-00 PRS-01 PA-01 /108 W

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FM AMEMBASSY BONN

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DEPT FOR ATCG. ASST. SECTY KRATZER, OES

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TAGS: TECH, GW

SUBJECT: FRG COMMITMENTS RE URANIUM SUPPLY TO
PURCHASERS OF GERMAN NUCLEAR POWER STATIONS

REF: KRATZER/MCCLELLAND TELCON FEB 11

1. NATURE OF FRG URANIUM SUPPLY COMMITMENT TO PUR-
CHASERS OF GERMAN NUCLEAR POWER STATIONS VARIES FROM
CASE TO CASE BUT -- WITH ONE EXCEPTION, MENTIONED PARA
5 BELOW -- IT FALLS SHORT OF FIRM GOVERNMENTAL
GUARANTEE.

2. NUCLEAR POWER PLANT SALE TO SPAIN REPRESENTS ONE
EXTREME. SO FAR AS FRG AUTHORITIES ARE AWARE, THERE
IS NEITHER GOVERNMENTAL NOR INDUSTRIAL COMMITMENT TO
INSURE THE CONTINUING SUPPLY OF ENRICHED URANIUM
REACTOR FUEL. KWU WILL SUPPLY THE FIRST CORE. SPAIN
MUST OBTAIN ITS OWN NATURAL URANIUM AND NEGOTIATE ITS
OWN ENRICHMENT SERVICES (PRESUMABLY FROM EURODIF).
FABRICATION OF FIRST CORE WOULD PRESUMABLY BE ARRANGED

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BY KWU IN RBU PLANT (60 PERCENT KWU-OWNED) ON NORMAL

COMMERCIAL TERMS WITHOUT ANY RESPONSIBILITY FOR LONG-TERM URANIUM SUPPLY.

3. IRAN REPRESENTS THE OTHER EXTREME. KWU WILL ARRANGE FOR SUPPLY OF NATURAL URANIUM AND HAS CONCLUDED CONTRACT TO SUPPLY FIRST CORES AND 10 YEARS OF RELOADS. SOVIET TOLL ENRICHMENT SERVICES WILL BE USED DURING EARLY PART OF THIS PERIOD BUT FRG OFFICIALS ASSUME THAT URANIUM ENRICHMENT SERVICES WILL EVENTUALLY BE SUPPLIED BY EURODIF AND COREDIF.

4. BRAZIL IS A SPECIAL CASE. GOB MUST SUPPLY ITS OWN URANIUM. SOME ENRICHMENT SERVICES WILL BE SOUGHT FROM ERDA. GOB WILL NEGOTIATE ADDITIONAL ENRICHMENT SERVICES FROM URENCO. FRG, AS A GOVERNMENT, HAS COMMITTED ITSELF ONLY TO FACILITATE NEGOTIATIONS BETWEEN GOB AND URENCO. FRG OFFICIAL EXPLAINED THAT THIS COMMITMENT IMPLIES FOLLOWING: SHOULD URENCO NOT RPT NOT BE WILLING TO INVEST IN ADDITIONAL CAPACITY TO MEET BRAZILIAN REQUIREMENTS, THEN FRG WOULD MAKE A FINANCIAL CONTRIBUTION TO ASSIST THE CONSTRUCTION OF THE NECESSARY CAPACITY.

5. IN ONLY ONE CASE DOES THE FRG COMMITMENT APPROACH A FIRM ASSURANCE OF URANIUM SUPPLY. THE FRG DOES GUARANTEE URENCO CONTRACTS WITH GERMAN PRIVATE UTILITIES BUILDING NUCLEAR POWER PLANTS IN GERMANY. SHOULD URENCO FAIL TO DELIVER, FRG WOULD SUPPLY ENRICHED URANIUM FROM ITS OWN STOCKPILES ESTABLISHED, FOR EXAMPLE, BY PURCHASES FROM US UNDER OFFSET AGREEMENT.

6. A RELATED, BUT NOT DIRECTLY RELEVANT, URANIUM SUPPLY "GUARANTEE" INVOLVES FRG GOVERNMENTAL RISK-SHARING WITH GERMAN INDUSTRY SHOULD THE PURCHASE PRICE OF SOVIET TOLL ENRICHMENT SERVICES COMPARE UNFAVORABLY WITH FIXED COMMITMENT PURCHASES FROM THE US (SEE NUCLEONICS WEEK, DECEMBER 6, 1973). ANY NECESSARY FUNDS FOR THIS GUARANTEE AGAINST FINANCIAL LOSS WOULD COME FROM SALES OF FRG GOVERNMENT STOCKPILES OF US LIMITED OFFICIAL USE

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PAGE 03 BONN 02399 111742Z

ENRICHED URANIUM.

7. LOOSCH NOT RPT NOT AVAILABLE. DATA ABOVE OBTAINED FROM SCHMIDT-KUESTER AND EMBASSY FILES. CROWLEY

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